



8 FRAUD & ABUSE - PARTICIPANTS

Effective: 3/1/98

8.2 Participant Fraud and Abuse

Revised: 6/1/98

POLICY: Fraud and/or abuse of the WIC Program may result in suspension from the Program, paying back the cash amount of benefits received, and/or prosecution under federal and state law. Examples of fraud and abuse are listed in the Participant Rights and Responsibilities; ID Folder; Table at the end of this policy.

PROCEDURE:

A. NOTIFICATION OF RIGHTS AND RESPONSIBILITIES

After the participant is determined eligible at their certification appointment, the participant/proxy must read, or have read to them, the Rights and Responsibilities and sign and date the fact that this has been done. (See Policy 3.21 (Final Eligibility Determination, Priority Level, and Rights and Responsibilities))

B. THE INVESTIGATION

The Local Agency is responsible for conducting the initial investigation of suspected or reported participant fraud or abuse.

1. If there is reason to believe that a parent/guardian is selling WIC formula, local project staff should try to get a written statement from the source of such information (a neighbor may have seen the formula displayed and sold at a yard sale). Project staff could write a brief statement and ask the source reporting the incident to sign it; or, if necessary, call and read the statement to the neighbor, verify accuracy, and document the conversation.
2. For a WIC participant who reportedly misrepresents certification information, resulting in the receipt and cashing of WIC drafts, the following information will assist in the investigation and determination of sanctions:
 - a) Evidence based on at least one reliable source, including but not limited to:
 - (1) Signed affidavit from the reliable source that a WIC participant has misrepresented information
 - (2) Substantial reports of other fraudulent activities, (i.e. welfare fraud)
 - (3) Public information reports, for example newspaper reports, of the participant misrepresenting herself/himself
 - b) Certification/recertification dates, and other chart documentation for the period of misrepresentation



- c) Copies of the draft register for the period of misrepresentation
 - d) Documentation of cashed WIC drafts
 - e) Dual Participation Reports (WIC 453) to verify if the participant received drafts from more than one project or clinic at a time.
3. Notify the individual of what you believe has occurred. This is a good time to determine if the abuse was *intentional*, or a result of a misunderstanding or project error.
 4. If concluded that *intentional* abuse occurred, take the appropriate action, such as suspension and/or repayment of funds.
 5. The State WIC Vendor Unit should be consulted for assistance as needed.

C. SANCTIONS

1. Determining Sanctions: The Local Agency should base their choice of sanctions on what it determines to be the strength or adequacy of the documented evidence supporting the allegation. For example, a phone call alleging participant abuse may be used as a basis for either further investigation or issuance of a warning letter, but it would be insufficient documentation to support a suspension.
2. WARNING: If fraud or abuse cannot be reasonably verified, send a warning letter.
 - a) Reasonably verify: Since there are many variations of abuse, discretion should be used regarding appropriate verification depending upon the specific abuse. For example, a mother has been reported selling infant formula, or returning it to a store for cash or exchange. When confronted, she claims that it is not her WIC formula. Generally, it is reasonable to assume that if a mother sells formula while the infant is on WIC, abuse is occurring. However, judgement should be used. If there is a convincing and plausible story, send a warning letter instead of suspension.
 - b) Send a Warning Letter. See Policy 8.6 Notification of Actions.
3. Reassess Sanction: When a participant or proxy is sanctioned with a return to monthly issuance, or reassigned a proxy, this should be reassessed at the next certification and may be changed back, if desired.
4. Notification of Sanctions: The Local Agency must notify the participant when any sanction is being applied.



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- a) If the sanction is a warning only, the agency must notify the participant of the reported abuse and warn the participant that further abuse may result in suspension of benefits.
- b) If the sanction is a suspension, the participant must be notified of the reason for the suspension, and his/her right to a fair hearing at least 15 days before its effective date.
- c) See Policy 8.6 for guidance on written notification of suspensions/ terminations; repayment; suspension of proxies
- d) Copies of the warning letters and notices of suspension must be retained in each family members' participant file. Copies of suspensions should also be sent to the State WIC Vendor Unit.

5. Table of Fraud and Abuse/Sanctions follows.

SANCTIONS FOR PARTICIPANT FRAUD & ABUSE	
TYPE OF FRAUD/ABUSE	SANCTION
Attempted or actual participation in more than one WIC project at the same time and receiving drafts from more than one project or clinic during the same time period.	<ul style="list-style-type: none">- Warning letter or three month suspension for first attempt or occurrence (depending on intent)- Three month suspension if verified through participation records for additional occurrences- Meet conditions of repayment of benefits received falsely (from the additional projects)- Warning letter if inadequate documentation- Consider monthly issuance interval and/or different proxy
Intentionally provided false statements, concealed or misrepresented facts, gave information which misrepresents true circumstances or failed to give information about changes in true circumstances resulting in fraudulent receipt of WIC benefits	<ul style="list-style-type: none">- Three month suspension if written documentation/verification available- Meet conditions of repayment of benefits received falsely- Warning letter if inadequate documentation- Consider monthly issuance interval and/or different proxy
Attempted or actual sale/exchange of WIC foods/drafts to others for cash or credit, non-WIC foods or other things	<ul style="list-style-type: none">- Three month suspension when properly documented (e.g., first hand knowledge by staff, signed statement from reliable complainant, etc.)- Meet conditions of repayment of benefits; actual cash value- Warning letter if inadequate documentation- Consider monthly issuance interval and/or different proxy



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Attempted or actual exchange of drafts for unauthorized items (foods not similar to WIC approved foods) at WIC vendors	<ul style="list-style-type: none"> - Two month suspension when properly documented (e.g., first hand knowledge by staff, signed statement from reliable complainant, etc.) - Warning letter if inadequate documentation - Consider monthly issuance interval and/or different proxy
Attempted or actual exchange of WIC drafts for unauthorized but similar foods at WIC vendors	<ul style="list-style-type: none"> - Warning letter or one month suspension for first occurrence (depending on intent) - One-two month suspension for each additional occurrence when properly documented (e.g., first hand knowledge by staff, signed statement from reliable complainant) - Warning letter if inadequate documentation - Consider monthly issuance interval and/or different proxy
Attempted or actual purchase of excess quantities of authorized foods	<ul style="list-style-type: none"> - Warning letter for first occurrence - One month suspension for additional occurrences when properly documented (e.g., first hand knowledge by staff, signed statement from reliable complainant, etc.) - Warning letter if inadequate documentation - Consider monthly issuance interval and/or different proxy
Theft of drafts from a WIC clinic or office (or used a participant's drafts without permission)	<ul style="list-style-type: none"> - Three month suspension when properly documented (e.g., first hand knowledge by staff, signed statement from reliable complainant, etc.) - Local Agency may require a proxy (other than the abuser) to pick up drafts after the suspension period (for up to 1 year after occurrence) - Warning letter if inadequate documentation
Attempted or actually made two or more separate purchases with a single WIC draft.	<ul style="list-style-type: none"> - Warning letter or one month suspension for first occurrence (depending on intent) - One-two month suspension for additional occurrences when properly documented (e.g., first hand knowledge by staff, signed statement from reliable complainant, etc.) - Warning letter for additional occurrences if inadequate documentation - Consider monthly issuance interval and/or different proxy
Use of WIC drafts at unauthorized vendors	<ul style="list-style-type: none"> - Warning letter for first occurrence - Three month suspension for additional occurrences if participant knowingly used drafts at an unauthorized vendor - Consider monthly issuance interval and/or different proxy
Attempted or actual use of the drafts before the dates printed on the draft	<ul style="list-style-type: none"> - Warning letter for first occurrence - One-two month suspension for additional occurrences when properly documented (e.g., first hand knowledge by staff, early redemption report, etc.) - Warning letter if inadequate documentation - Change draft issuance interval to monthly - Consider a different proxy



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Attempted or actual use of the drafts after the dates printed on the draft	<ul style="list-style-type: none"> - Warning letter for first occurrence - One-two month suspension for additional occurrences when properly documented (e.g., first hand knowledge by staff, copy of redeemed draft, etc.) - Warning letter if inadequate documentation - Change draft issuance interval to monthly - Consider a different proxy
Allowing unauthorized proxies (persons whose signature is not on the ID folder) to use the WIC drafts	<ul style="list-style-type: none"> - One month suspension for first occurrence - Two month suspension of participant for additional occurrences if participant knowingly used an unauthorized proxy - Consider monthly issuance interval and/or no proxy
Attempted or actual use of altered drafts (date or any information printed on the draft has been altered)	<ul style="list-style-type: none"> - Three month suspension when properly documented (e.g., first hand knowledge by staff, copy of redeemed draft) - Warning letter if inadequate documentation - Consider monthly issuance interval and/or different proxy
False reporting of the loss or theft of ID folder, for fraudulent purposes	<ul style="list-style-type: none"> - Three month suspension when properly documented (e.g., first hand knowledge by staff, signed statement from reliable complainant, etc.) - Warning letter if inadequate documentation
False reporting of the loss or theft of WIC drafts, for fraudulent purposes	<ul style="list-style-type: none"> - Three month suspension when properly documented (e.g., lost/stolen drafts cashed by participant, etc.) - Warning letter if inadequate documentation - Repayment if more than one package was redeemed (i.e., both the original and replacement drafts)
Signing the WIC draft before the purchase price has been entered	<ul style="list-style-type: none"> - One month suspension for first occurrence - One-three month suspension for additional occurrences when properly documented (e.g., first hand knowledge by staff, signed statement from reliable complainant, etc.) - Warning letter if inadequate documentation - Consider monthly issuance interval and/or different proxy
Verbal abuse of WIC clinic or vendor staff	<ul style="list-style-type: none"> - Warning letter or one month suspension for first occurrence - One-three month suspension for additional occurrences when properly documented (e.g., first hand knowledge by staff, signed statement from reliable complainant, etc.) - Local Agency may require a proxy (other than the abuser) to pick up drafts after the suspension period - Warning letter if inadequate documentation - Consider different proxy
Verbal abuse of other WIC participant at a WIC project, clinic or related function.	<ul style="list-style-type: none"> - Warning letter or one month suspension for first occurrence - One-three month suspension for additional occurrences when properly documented (e.g., first hand knowledge by staff, signed statement from reliable complainant, etc.) - Local Agency may require a proxy (other than the abuser) to pick up drafts after the suspension period - Warning letter if inadequate documentation



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Physical abuse or threat of physical abuse of WIC project or grocery store staff.	<ul style="list-style-type: none">- Three month suspension when properly documented (e.g., first hand knowledge by staff, signed statement from reliable complainant, etc.)- Local Agency may require a proxy (other than the abuser) to pick up drafts after the suspension period- Warning letter if inadequate documentation
Physical abuse or threat of physical abuse of other WIC clients at a WIC project, clinic or related function	<ul style="list-style-type: none">- Three month suspension when properly documented (e.g., first hand knowledge by staff, signed statement from reliable complainant, etc.)- Local Agency may require a proxy (other than the abuser) to pick up drafts after the suspension period- Warning letter if inadequate documentation
Accepting free items or non-WIC foods, cash or credit, as a gift or incentive to use WIC drafts at a store.	<ul style="list-style-type: none">- Three month suspension when properly documented (e.g., first hand knowledge by staff, signed statement from reliable complainant, etc.)- Warning letter if inadequate documentation- Consider monthly issuance interval and/or different proxy